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Message Text

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43
ACTION EB-07

INFO OCT-01 EUR-12 NEA-10 ISO-00 ERDA-05 AID-05 CEA-01

CIAE-00 CIEP-01 COME-00 DODE-00 FEAE-00 FPC-01 H-02

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-03

USIA-06 SAM-01 OES-03 SP-02 SS-15 STR-04 TRSE-00

FRB-03 /103 W
---------- 113453
R 201200Z JUN 75
FM AMEMBASSY ALGIERS
TO SECSTATE WASHDC 2594
INFO AMEMBASSY PARIS

C O N F I D E N T I A L ALGIERS 1409

E.O. 11652: GDS
TAGS: ENRG, AG
SUBJECT: ALGERIAN OIL SITUATION - PRODUCTION, BARTER
DEALS, PRICES, PREPCON, GAS, SALES TO VIETNAM

REF: ALGIERS 0425

1. FRENCH HAVE RECENTLY RECALCULATED ALGERIAN OIL PRODUCTION. ACCORDING TO THEIR CALCULATIONS, ALGERIAN PRODUCTION FOR FIRST HALF OF 1975 WILL BE A LITTLE HIGHER THAN FORECASE OR 22 MILLION TONS. THIS EQUALS ANNUAL PRODUCTION OF 44 MILLION TONS WHILE THE EARLIER FORECASE WAS FOR 42 MILLION TONS, REF A.

2. MONTHLY PRODUCTION FIGURES FOR 1975 IN MILLIONS OF METRIC TONS WITH AN ESTIMATE FOR JUNE ARE AS FOLLOWS:

JANUARY 3.6
FEBRUARY 3.4
MARCH 3.5
APRIL 3.8
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MAY 3.9

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JUNE 3.8.

TOTAL 22.0

USING 7.661 BARRELS OF ALGERIAN CRUDE PER METRIC TON, THIS AVERAGES OUT AT 926 THOUSAND BARRELS PER DAY FOR FIRST HALF OF 1975. IT SHOULD BE ADDED THAT THERE ARE RUMORS THAT ALGERIAN OIL PRODUCTION IS MUCH LOWER, BUT EMBASSY BELIEVES ABOVE FIGURES ARE BEST ESTIMATES AVAILABLE UNTIL SONATRACH PUBLISHES ITS OFFICIAL FIGURES.

3. SONATRACH BARTER PROGRAM IS GOING WELL DESPITE PRESS AND RENAULT PROBLEMS. SONATRACH HAS NOW SOLD OVER 4 MILLION TONS OF OIL BY BARTER ARRANGEMENTS. THEY HAVE SET GOAL OF 5 MILLION TONS, SO THIS TYPE OF DEAL SHOULD BE TAPERING OFF. KNOWN BARTER DEALS ARE WITH LEYLAND-BUSES, CASE-FRONT END LIFTS, FIAT-TRUCKS, RENAULT-TRUCKS, AND FRUEHAUF-TRAILERS. IN ADDITION, BARTER CONTRACTS ARE REPORTED TO BE SIGNED WITH JAPANESE, ITALIAN, GERMAN AND SPANISH FIRMS.

4. SONATRACH HAS STILL NOT GONE TO OIL COMPANIES WITH SUGGESTED THIRD QUARTER PRICE. WITH LIBYIAN OIL BEING OFFERED AT LESS THAN 11.75 DOLLARS A BARREL, IT WOULD SEEM ALGERIA TOO WILL HAVE TO DROP ITS PRICE FOR THE THIRD QUARTER.

5. FRENCH HAVE NOT RAISED RENEWAL OF PREPCON WITH ALGERIANS, BUT UNDERSTAND GERMANS HAVE. FRENCH MINISTER OF INDUSTRY D'ORNANO WILL MEET WITH ALGERIANS ON JUNE 20 AND 21. HE EXPECTS TO DISCUSS GREATER FRENCH PRUCHASES FROM ALGERIA, HIGHER GAS PRICES, AND RENEWAL OF PREPCON. FOR FIRST TIME ALGERIANS HAVE APPROACHED FRANCE ON RENEGOTIATING UPWARD THE PRICE OF ALGERIAN GAS SOLD TO FRANCE.

6. US BANKER INFORMS EMBASSY THAT EASCOGAS HAS SIGNED CONTRACT TO PURCHASE ALGERIAN LNG. EMBASSY KNOWS NEGOTIATIONS ARE CLOSE TO COMPLETION, BUT HAS CONFIDENTIAL

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SEEN NO OFFICIAL ANNOUNCEMENT OF SIGNING OF CONTRACT.

7. ALGERIAN TV PUBLICIZED SIGNING OF CONTRACT BY SONATRACH VP SLIMANE BOUGARRA WITH SOUTH VIETNAMESE FOR DELIVERIES OF ALGERIAN CRUDE TO SOUTH VIETNAM. REPORTED SECOND CONTRACT COVERS SONATRACH TECHNICAL ASSISTANCE TO SOUTH VIETNAM ON OPERATION OF NATIONAL OIL COMPNAY, ENGINEERS, AND CONTRACT SPECIALISTS.LYNE

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